

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 FEA-01 SAM-01

STR-04 SAJ-01 /069 W

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 6237

INFO USLO PEKING

AMCONSUL HONG KONG

USMISSION EC BRUSSELS

AMEMBASSY BUCHAREST

C O N F I D E N T I A L BONN 01958

E.O. 11652: GDS

TAGS: PFOR, GW, CH, ETRD

SUBJECT: SINO-FRG TRADE

REF: PEKING 171

1. THE FONOFF HERE HAS TOLD US THAT THE PRC APPEARS TO HAVE DECIDED TO BUY MORE FROM FRG AND TO ACCEPT CREDITS TO MAKE SUCH PURCHASES POSSIBLE. THESE TWO DECISIONS WOULD RESULT IN MORE FRG-PRC TRADE IN LONG-TERM THAN TONE OF REFTEL SUGGESTS.

2. ACCORDING TO FONOFF, CHINESE ORDERS FOR GERMAN GOODS HAVE RECENTLY RISEN SHARPLY. WHILE THESE ORDERS MAY NOT BE REFLECTED IMMEDIATELY IN EXPORT FIGURES, THEY ARE OF SUFFICIENT MAGNITUDE TO CONVINCE FONOFF ASIA DIVISION THAT CHINA HAS MADE A BASIC DECISION TO INCREASE ITS IMPORTS FROM THE FRG.

3. AT SAME TIME, THIS INCREASED INTEREST IN IMPORTS
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FROM THE FRG HAS NOT BEEN MATCHED BY A

CORRESPONDING EMPHASIS ON CHINESE EXPORTS. PRC CONTINUES, OF COURSE, TO PUSH ITS EXPORTS, BUT IT HAS NOT SUGGESTED THAT ANY RISE IN PURCHASES FROM THE FRG SHOULD BE ACCOMPANIED BY AN INCREASE IN SALES.

4. THE CHINESE DECISION TO ACCEPT CREDITS REPRESENTS A FURTHER STEP AWAY FROM THEIR PROFESSED POLICY. THIS DECISION IS NOT ADMITTED BY THE PRC AND THE CREDITS CONTINUE TO BE MASKED BY THE COMMERCIAL TERMS OF THE ORDERS.

5. THE CHINESE ORDERS FROM THE FRG ARE CHIEFLY ENERGY RELATED: DESIGNED EITHER TO INCREASE PRODUCTION OF ENERGY OR TO INCREASE HARD CURRENCY EXPORTS OF PRODUCTS DERIVED FROM PETROLEUM.

6. FONOFF DOES NOT KNOW IF THESE TRENDS ALSO APPLY TO CHINA'S TRADE WITH OTHER WESTERN NATIONS. IF DEPARTMENT HAS DONE ANY ANALYSIS WHICH WE COULD PASS TO FRG, EMBASSY WOULD LIKE TO DO SO.
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Message Attributes

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